

**State of Montana**  
**Oil & Gas Lease Sale - March 4, 2014**  
**Final Sale List**

The following described lands will be offered for oil and gas leasing through oral competitive bidding in the Department of Transportation auditorium, 2701 Prospect Avenue, Helena, Montana, beginning at 9:00 am, March 4, 2014.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Bidder
<b>Big Horn</b>								
1	1, 2, 3, 4, 5, 6, 7, 9	2.N	35.E	16	All	640.00	_____	_____
2	1, 2, 3, 4, 5, 6, 7, 9, 11	2.N	35.E	36	All	* 640.00	_____	_____
<b>Blaine</b>								
3	1, 2, 3, 4, 5, 6, 9	35.N	20.E	36	All, below the base of the Eagle formation	* 640.00	_____	_____
4	1, 2, 3, 4, 5, 6, 7, 9, 11	36.N	20.E	36	All	640.00	_____	_____
<b>Powder River</b>								
5	1, 2, 3, 4, 5, 6, 7, 9	8.S	51.E	16	All	640.00	_____	_____
6	1, 2, 3, 4, 5, 6, 7, 9	9.S	50.E	36	Lots 1, 2, 3, N2, NW4SE4, N2SW4	550.30	_____	_____
7	1, 2, 3, 4, 5, 6, 9	9.S	51.E	16	All	640.00	_____	_____
<b>Richland</b>								
8	1, 2, 3, 4, 5, 6, 12	26.N	59.E	8	Missouri Riverbed and related acreage, below the base of the Charles formation	21.67	_____	_____
9	1, 2, 3, 4, 5, 6, 8, 10, 12	26.N	59.E	16	Lots 1 thru 8, NW4, NW4SW4, S2SW4, Missouri Riverbed and related acreage, below the base of the Charles formation	640.00	_____	_____
<b>Sheridan</b>								
10	1, 2, 3, 4, 5, 6, 8	31.N	57.E	36	All	640.00	_____	_____
11	1, 2, 3, 4, 5, 6, 8, 11	34.N	56.E	16	E2	320.00	_____	_____

\* Part or all of tract is not state-owned surface

<b>Total Tracts</b>	11
<b>Total Acres</b>	6,011.97

Additional lease stipulations are listed on the following pages. The Stipulations column on the sale list identifies which stipulations will be attached to each tract.

Sight drafts will not be accepted. The State Board of Land Commissioners reserves the right to reject any and all bids. All payments are due within ten days after the date of sale.

Individuals with disabilities may request assistance or special services by calling (406) 444-4576 at least one week prior to the sale.

STATE BOARD OF LAND COMMISSIONERS

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**Stipulations**

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- 1 Lessee shall notify and obtain approval from the Department's Trust Land Management Division (TLMD) prior to constructing well pads, roads, power lines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in TLMD's approval.
- 2 Prior to the drilling of any well, lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the Department's Trust Land Management Division (TLMD). After a well is drilled and completed, lessee shall send one copy of all logs run, Form 4A "Completion Report", and geologic report to TLMD. A copy of Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to TLMD whenever any subsequent change in well status or operator is intended or has occurred. Lessee shall also notify and obtain approval from the TLMD prior to plugging a well on the lease premises.  
  
Issuance of this lease in no way commits the Land Board to approval of coal bed methane production on this lease. Any coal bed methane extraction wells would require subsequent review and approval by the board.
- 3 The TLMD will complete an initial review for cultural resources and, where applicable, paleontological resources of the area intended for disturbance and may require a resources inventory. Based on the results of the inventory, the TLMD may restrict surface activity for the purpose of protecting significant resources located on the lease premises.
- 4 The lessee shall be responsible for controlling any noxious weeds introduced by lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the lease premises.
- 5 The definitions of "oil" and "gas" provided in 82-1-111, MCA, do not apply to this lease for royalty calculation purposes.
- 6 If the State does not own the surface, the lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to TLMD.
- 7 Due to unstable soil conditions on this tract and/or topography that is rough and/or steep, surface use may be restricted or denied. Seismic activity may be restricted to poltershots.
- 8 The lessee is responsible to pay for all damages, including penalties and charges assessed by the USDA-CFSA on CRP lands, as a result of drilling and production on the tract.
- 9 This lease is located within MT-DFWP sage-grouse general habitat. Active general area sage-grouse leks are not currently known to exist on or within 2 miles of this lease. Proposed activities must comply with the Montana Greater Sage-Grouse Habitat Conservation Strategy and amendments thereto.
- 10 Unless otherwise approved by the Department in writing, wells and related surface infrastructure, including new road construction, are prohibited within 1/2 mile of the centerline of a navigable river, lake or reservoir, and within 1/4 mile of direct perennial tributary streams of navigable waterways, on or adjacent to the tract. No surface occupancy is allowed within the bed of a river, stream, lake or reservoir, islands and accretions or abandoned channels.
- 11 Any activity within 1/8 mile of the river, stream, floodplain, or lake/reservoir on or adjacent to this tract must be approved in writing by the TLMD prior to commencement. No surface occupancy is allowed within the bed of the river and/or stream, abandoned channels, the bed of the lake/reservoir, or on islands and accretions associated with the river, stream, or lake/reservoir.
- 12 This tract contains navigable riverbeds. No surface occupancy is allowed within the bed of the navigable river, abandoned channels, or on islands and accretions. In addition, upon completion of a successful well, where river title is disputed, the lessee will file an interpleader action under Rule 22, M.R.Civ.P. in the Montana District Court, or other court having jurisdiction, in which the leased lands are located for all acreage within the lease in which the title is disputed. The lessee shall name all potential royalty claimants as defendants.

# NOTICE

Several tracts on this lease sale are located in sage-grouse general habitat, as mapped by the Montana Department of Fish, Wildlife & Parks (MT-DFWP). In early 2013, Governor Bullock created a citizen-based Greater Sage-Grouse Habitat Conservation Advisory Council. The Council has worked over the past 10 months to develop and provide to the Governor recommendations on policies and actions for a state-wide strategy to preclude the need to list the greater sage-grouse under the Federal Endangered Species Act. On January 29, 2014, the Council provided its recommendations to the Governor in the form of a proposed Greater Sage-Grouse Habitat Conservation Strategy (Strategy). This document is available from the MT-DFWP at the following website address:

<http://fwp.mt.gov/fishAndWildlife/management/sageGrouse/habitatConservation/>

The January 29, 2014 proposed Strategy recommends that the Governor consider several stipulations and mitigations (see pages 19 and 20) for development on tracts located in sage-grouse general habitat. The proposed Strategy also has recommended stipulations and mitigations for MT-DFWP mapped core habitat, but no tracts on this sale are located in core habitat.

Governor Bullock is currently reviewing the Council's recommendations. The Governor will accept, modify or reject the Council's recommendations to produce a final Greater Sage-Grouse Habitat Conservation Strategy. Therefore, applicable stipulations may differ from those included in the Council's January 29, 2014 proposed Strategy. Those tracts on this lease sale that include Lease Stipulation 9 will be subject to the final Strategy ultimately formulated and adopted by the Governor.

# DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

## Trust Land Management Division



STEVE BULLOCK, GOVERNOR

1625 ELEVENTH AVENUE

DIRECTOR'S OFFICE (406) 444-2074  
TELEFAX NUMBER (406) 444-2684

PO BOX 201601  
HELENA, MONTANA 59620-1601

TO ALL INTERESTED PARTIES:

RE: June 3, 2014 Oil and Gas Lease Sale

In order to give as much advance notice as possible, please be advised that the date of the June 2014 Oil and Gas Lease Sale has been set for **TUESDAY, JUNE 3, 2014**, at 9:00 A.M. in the auditorium of the Department of Transportation building at 2701 Prospect Avenue, Helena, Montana, east of the interstate highway. Please call the Department of Natural Resources and Conservation for detailed directions, if necessary.

The deadline filing date for submitting applications on tracts to be nominated for the sale in June is 5:00pm on March 18, 2014. Applications must be received in this office by that date.

If you have any questions, please contact me at [jmason2@mt.gov](mailto:jmason2@mt.gov) or (406) 444-4576.

Julie Mason, Supervisor  
Mineral Leasing Section  
Minerals Management Bureau

## O&G Leasing Calendar - 2014

	<b>LEASE SALES</b>			
	<u>March</u>	<u>June</u>	<u>September</u>	<u>December</u>
<b>Nomination Deadline (5:00pm)</b>	<b>Dec 17</b>	<b>Mar 18</b>	<b>Jun 17</b>	<b>Sep 16</b>
Preliminary Tract List Mailed & Posted on Web	Dec 19	Mar 20	Jun 19	Sep 18
Comments Requested by	Jan 24	Apr 25	Jul 25	Oct 24
Final Tract List Mailed & Posted on Web	Feb 10	May 12	Aug 11	Nov 10
<b>Lease Sale</b>	<b>Mar 4</b>	<b>Jun 3</b>	<b>Sep 3</b>	<b>Dec 2</b>
Sale Results Posted on Web	Mar 7	Jun 6	Sep 8	Dec 5
Land Board Consideration	Mar 18	Jun 16	Sep 15	Dec 15

Sales begin promptly at 9:00 AM in the Department of Transportation Auditorium, 2701 Prospect Avenue, Helena, Montana.

PLEASE NOTE: The September 3 lease sale is on Wednesday due to a holiday.

A description of tracts and maps are available on the DNRC website: <http://dnrc.mt.gov/trust/mmb/og>